

BILL # HB 2508

SPONSOR: Konopnicki

PREPARED BY: Leatta McLaughlin

TITLE: new school facilities; rural areas

STATUS: As Introduced

FISCAL ANALYSIS

Description

The bill modifies the definition of a rural area pertaining to the School Facilities Board's (SFB) new school construction formula. School districts in rural areas currently receive 5% more funding in the new construction formula for new construction projects and Building Renewal distributions.

Estimated Impact

The bill has an estimated General Fund cost of between \$284,700 and \$714,500 in FY 2009 for higher building renewal costs. The main components of the Building Renewal formula are the school building's square footage, age, and prior renovations, and the calculation incorporates the new school construction formula.

The bill would also potentially increase the new school construction cost of newly labeled rural schools by \$5.5 million after FY 2009. SFB, however, already has the authority to increase the current statutory new construction cost. If SFB were to invoke this authority for any of the applicable schools, this cost may be borne under current law.

Analysis

New Construction

SFB is responsible for providing funding to public school districts across the state to finance new school construction projects. Currently, school districts located in rural areas receive 5% more funding for a new school construction project than those districts in urban areas. Under current law, a rural area is defined to be an area that is 35 miles outside the boundary of a municipality consisting of more than 50,000 residents. This bill would further define the 35 miles to be based on a 'reasonable route' from the municipal boundary to the nearest school district facility.

There are 232 public and accommodation school districts in the state. Of those districts, there are 128 urban and 104 rural districts based on current statute. According to SFB, this bill would increase the rural districts, and in turn decrease the urban districts, by 42, which means the new totals would be 86 urban districts and 146 rural districts.

This bill would affect new construction projects that have not already been approved by SFB. Once a new project is approved by SFB, it is allotted the statutory new construction formula amount (number of pupils x square foot per pupil x cost per square foot = allocation amount). SFB approves projects if projections indicate that a new school will be needed in the next 2 years for elementary schools or the next 3 years for middle or high schools.

If SFB projects that a new school will be needed outside this 2- or 3-year timeframe, they can make a conceptual approval. SFB has conceptually approved 11 new school projects for the 42 new rural districts identified by this bill. Since these 11 new schools are not yet approved and are not projected to open until FY 2011 through FY 2016, there will not be an immediate fiscal impact.

Based on the current statutory new school construction formula amounts, these 11 projects would be allocated \$109.9 million in total. Under this bill, these projects would receive an increase of 5%, or \$5.5 million. This cost would be incurred over several years. SFB, however, has the statutory authority to fund new construction projects above the formula amount if a district cannot build a school within that amount. In FY 2007, SFB funded 86% of projects over the funding amount for total additional funding of \$33.4 million. This averages to \$1.4 million in additional funding per project. Since SFB has awarded

additional monies to a majority of their projects in FY 2007, the bill's net General Fund cost may be less if SFB continues current practices of awarding additional monies.

SFB does not have a cost estimate for this portion of the proposal.

Building Renewal

SFB is also responsible for providing funding to schools to maintain the adequacy of existing school facilities. These monies are for major renovations and repairs, system upgrades to extend the life of a building, and infrastructure costs on academic buildings owned by a district. The amount allocated to each district is determined by a statutory formula in which the calculation uses the same new school construction formula.

SFB has a database of information for each district, which it uses to estimate changes to the current Building Renewal formula. SFB has estimated that this bill could increase the current FY 2008 appropriation of \$86,283,500 by 0.33%, or \$284,700.

Since the JLBC Baseline includes the same \$86,283,500 amount in FY 2009 as was appropriated in the prior 2 fiscal years, the estimated FY 2009 General Fund impact is also estimated to be an increase of \$284,700. The \$86,283,500 amount does not represent the current statutory funding amount, which is estimated to be \$216,511,500 in FY 2009. This bill is estimated to increase the current FY 2009 statutory full funding amount by \$714,500.

Local Government Impact

None

2/5/08